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NASIS

NEBRASKA ANNUAL SOCIAL INDICATORS SURVEY

Bureau of Sociological Research
Department of Sociology
University of Nebraska–Lincoln
Lincoln, Nebraska 68588-0325
Telephone: (402) 472-3672

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FUNDING GOVERNMENT:
ADDING SERVICE TAXES AND CONSOLIDATING
GOVERNMENT UNITS

Alan Booth
Department of Sociology

Price: $ .75

The Nebraska Annual Social Indicators Survey

David R. Johnson and Alan Booth - 1986 Study Co-Directors

The findings in this report are based on data collected in the tenth Nebraska Annual Social Indicators Survey (NASIS). This survey is part of an on-going study of the quality of life in Nebraska conducted by the Bureau of Sociological Research at the University of Nebraska-Lincoln.

The sample for the 1986 NASIS consists of 1878 respondents eighteen years of age or older residing in households in Nebraska. The sample is selected through a process called random digit dialing: within each three-digit prefix in the state, four-digit numbers are selected randomly from all possible four-digit numbers to complete the telephone number. Respondents are further chosen randomly from the adults in the household and interviewed over the telephone by experienced, professional interviewers from the offices of the Bureau of Sociological Research. All interviewing was done February through April of 1986. This procedure produces a high-quality, representative sample of Nebraska adults. Analysis shows the weighted sample to be representative of the state on age, sex, race, and geographical distribution.

The interview averaged approximately 25 minutes. For the entire sample, the chances are 95 in 100 that the true value for the population lies within a range equal to the reported survey percentage plus or minus 2.3 percent. This is an estimate of maximum error and for most items the percentages are likely to be even more accurate.

The data gathered by NASIS are used by a wide variety of state and local government agencies for policy and program planning and by faculty and students at the University of Nebraska and other colleges for research. No information identifying any respondent is released to any user and the strict confidentiality of individual respondents is rigidly enforced. While the final responsibility for the organization and structure of the survey and for reports produced under its name rests with the Bureau of Sociological Research, public agencies and University departments play an integral part in planning the survey through an Advisory Committee. Public organizations interested in membership on the Advisory Committee should contact the NASIS Study Director.

Funding for NASIS comes from the University of Nebraska, the Bureau of Sociological Research and State and local agencies which buy items and data analysis from the survey.

The NASIS surveys are repeated each year to measure changes in the quality of life in Nebraska. While there is a core of questions which is included every year, each survey has a large component of unique items which address specific topical issues. Additional detail on the NASIS surveys can be obtained by contacting the NASIS Study Director at the Bureau of Sociological Research or by sending for a copy of the 1987 NASIS Prospectus.

Funding Government:

Adding Service Taxes and Consolidating Government Units

Every year new proposals are advanced to raise revenue for state government. And nearly every year in recent times budgets of State agencies have been cut to save money. This report focuses on two new proposals that have received considerable attention. One proposal was to expand the sales tax to include services. The other was to consolidate government units. To learn what Nebraskans think about these two proposals, a random sample of 1878 adults were asked about these two means of funding state government as part of the Nebraska Annual Social Indicators Survey. People were interviewed by phone in the Spring of 1986.

Expanding the Sales Tax to Include Services

Respondents were asked: "One of the issues the State Legislature and Governor considered this last year was expanding the sales tax to include such things as repair or legal services. Would you favor taxing some services if it meant lowering the overall sales tax rate?" As the results below show, those who favor it slightly out number those who oppose it, but the difference is nearly within sampling error which is + or - 2%. Also, 14% are undecided about the proposal. These individuals could swing public support either way.

Percent who Favor or Oppose a Service Tax

	Overall	Personal Services	Repair Services	Legal Services	Medical Services
Favor	45%	37%	32%	34%	10%
Oppose	41	60	64	61	88
Undecided	14	3	4	5	2
Total	100%	100%	100%	100%	100%

The questions continued with: "There are many services that could be taxed. I'm going to mention several and I would like you to tell me which ones you would favor taxing if the decision had been made to tax some services." We asked about personal services such as hair cuts, repair services, legal services and medical services. A majority did not favor any of these proposals. In fact the opposition was quite strong, especially when it comes to medical services where 88 percent opposed such a tax. It is not clear what services they would favor taxing.

It may be one of those cases where the idea is good in principle but there is no consensus on how it is to be applied. It is clear a tax would be opposed in the service areas most frequently discussed as candidates for taxation.

Analysis of these findings by age of respondent, education, community size and whether they voted in the last two years among those who

had a definite opinion indicates some were more favorably disposed to service tax than others. For example the service tax was favored by 64% of those 29 and under, but by only 32 percent of those 60 and over. The only exception to this was for tax on legal services where those 29 and under were as opposed to it as much as those who are much older. Those with college experience were slightly less favorable to service tax (43%) than those with a high school or less education (48%). Fifty two percent of those living in Omaha, Lincoln and communities of 10,000 or more favored a service tax whereas only 42% of those in small community and rural areas did so. Voters were much less likely to favor service tax (43%) than non voters (57%) which suggest such measures would have a have little support where it counts.

Consolidation of Government Units

Respondents were asked: "Many proposals have been made to reduce taxes. One proposal to reduce taxes is to consolidate government units. Would you favor or oppose combining county governments in sparsely populated areas of Nebraska? ...consolidated state agencies that combine such things as vehicle licensing and drivers testing with the department of roads? university? ...consolidation of school districts?" As can be seen from the table below, consolidating county governments is favored by a majority and consolidating state agencies is favored by an even larger majority. However, consolidating college and university administration and school districts is opposed by more people than who are in favor of it.

Percent who Favor or Oppose Consolidating Government Units

	County Government	State Agencies	Higher Education	School Districts
Favor	54%	70%	40%	42%
Oppose	35	21	46	49
Undecided	11	9	14	9
	100%	100%	100%	100%

An analysis by age, education, community size and voter status of those who had made up their mind reveals that Omaha and Lincoln residents favor consolidation of county government more (67%) than those in smaller communities and those in rural areas (54%), not surprising in that those in smaller communities would experience the greatest change. Voters were less favorable to county government consolidation (58%) than non voters (64%), but the difference is small. People in different sized communities had somewhat different views on combining State agencies. People in Lincoln and Omaha favored the change (83%) more than those in smaller communities and rural areas (73%). With respect to consolidating school districts, those favoring the change are more likely to be found in communities of 10,000 or more population (50% favor) than in smaller towns and rural areas (42% favor). Age was also a significant factor with respect to school consolidation. In the 29 and under age group only 38% favored consolidation while 49% of older individuals favored the change. Younger adults are those with young children and would be affected most by

school consolidation. Also, those with a college degree (BA or higher) were more favorable to school consolidation (60%) than those without college degrees (43%).

Summary

With respect to raising funds, service tax is not a promising avenue in so far as public support is concerned. Those favoring the tax are about equal to those who oppose. Of course, it should be kept in mind that there are a large number of undecideds (14% of those interviewed) who could swing their support either way. However, the fact that those who had a definite opinion opposed the major areas where taxes could be levied does not bode well for the proposal. Nor does the fact that voters are less favorable to service tax than non voters. On the other hand, if the tax was targeted for a popular cause (e.g. the farm crisis or care for the elderly), it might gain support that it does not now have.

With respect to consolidating government services as a means to saving tax dollars, there is a good deal of support for consolidating county governments and State agencies. However, when it comes down to actually combining specific counties, local resistance could well be strong enough to successfully resist such a move. Similarly civil service resistance to combining government agencies could also thwart such changes. Voters would have to be shown that consolidation would save tax dollars.

List of reports already released using data gathered in the 1986 Nebraska Annual Social Indicators Survey. These may be purchased at the indicated price from the Bureau of Sociological Research at the University of Nebraska-Lincoln.

Report Number	Title
1	Designs, Procedures, Instruments, and Forms for the 1986 NASIS. David R. Johnson. Price: $7.50.